

**REMARKS**

The Office Action has been carefully reviewed. No claim is allowed. Claims 1, 3-5 and 7-22 presently appear in this application (with claims 5 and 7-15 being withdrawn from consideration by the examiner) and define patentable subject matter warranting their allowance.

The telephonic interview between the undersigned and the examiner on December 12, 2006, is gratefully acknowledged. New claims and amendments to claim 1, as proposed and discussed during the interview, are now formally made in the present amendment.

Claims 1-4 have been rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement. This rejection is respectfully traversed.

Claim 2 is cancelled and the feature of "human" bone marrow cells is incorporated into claim 1. Claim 1 is now amended to recite for an isolated subpopulation of human adult bone marrow cells, thereby limiting the subpopulation to a specific adult species. Furthermore, the claimed subpopulation of human adult bone marrow cells are depleted of hematopoietic cells and mature leukocytes and at least 20% of the cells have a desired phenotype of CD45-, Lin-, Sca+ and the ability to home to the pancreas and differentiate into insulin-producing pancreatic islet cells. Support for this amendment to claim 1 and new claims 16-22 is found in the specification, first sentence of paragraph [0020], first two sentences of paragraph [0027], and paragraph [0029].

As disclosed in the last sentence of paragraph [0009], the phenotype of CD45-, Lin- and Sca+ can be readily determined by RT-PCR,

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antibody staining and/or flow cytometry. Accordingly, applicant believes that the present claims do indeed comply with the written description requirement.

Reconsideration and withdrawal of the rejection are therefore respectfully requested.

In view of the above, the claims comply with 35 U.S.C. §112 and define patentable subject matter warranting their allowance. Favorable consideration and early allowance are earnestly urged.

In the event that the claims need to be further amended to place them in condition for allowance, the examiner is encouraged and requested to telephone the undersigned to resolve any outstanding issues.

Respectfully submitted,

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